

Blueprint Maryland

THE STATE'S HOUSING ECONOMY IN REVIEW JANUARY - FEBRUARY 2007



Minorities and Aging Population Help Boost Homeownership Rates in Maryland

Housing tenure in Maryland has shifted somewhat since 2000 with homeowners accounting for a larger proportion of households despite a significant rise in the cost of homeownership. The share of Maryland families who own their homes increased from 69.9 percent in 2000 to 71.2 percent in 2005, improving the state's homeownership ranking from the 29th to the 25th highest rate in the nation.

During the same period, the number of homeowner households also grew, though at a much faster rate of 12.3 percent, compared with a more modest growth of 4.6 percent for the renter households. The rise in ownership was highly influenced by favorable socio-demographic factors that included a noticeable growth in the number of population in their peak earning age group of 55 and older along with a significant rise in the number of minority households.

The age of householder is an important determinant of homeownership. At the early years of household formation, homeownership rates are very low as renting is a more attractive alternative given the householder's age, income, mobility, life style and family status. However, ownership grows as adults increase their earnings and assets potential with age, peaks between the ages of 55 and 64, and will continue to grow well into the post-retirement years but does decline with advanced age.

Between 2000 and 2005, the number of owner households below 35 years of age and between the ages of 35 to 54 grew by about 9 percent and 8 percent respectively, while those above 55 years of age grew more than twice as fast, or by about 18 percent (Exhibit 1). As a result, the share of homeowner households over the age of 55 grew by two percentage points reaching a high of 40 percent in 2005.

In 2000, the homeownership rate among Maryland householders below 35 years of age was only 40 percent,

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National Economic Digest

GDP Revised Down in the Third Quarter

According to final estimates released by the Bureau of Economic Analysis (BEA), the U.S. economy grew at an annualized rate of 2.0 percent in the third quarter, down from the previously released estimate of 2.2 percent, and below the second quarter growth rate of 2.6 percent. The third quarter economic slowdown resulted from an increase in imports along with concurrent reductions in expenditures related to consumer spending for services, state and local government spending, private inventory investment, and residential fixed investment. The third quarter corporate profits increased \$61.5 billion, well above the \$22.7 billion increase of the second quarter.

National Activity Index Below Trend in November

The Chicago Fed National Activity Index (CFNAI) was -0.26 in November, up from -0.30 in October. The three month moving average of the Index was -0.32 in November, signifying that the growth in national economic activity was below its historical trend. Production-related indicators made a negative contribution of -0.04. Total industrial

production increased 0.2 percent but manufacturing capacity utilization held steady. Consumption and housing indicators made a negative contribution of -0.05 in November. The sales, orders and inventories category made a small negative contribution of -0.02 to the November Index. Employment-related indicators also made a negative contribution of -0.15. Non-farm payroll employment rose by 132,000 in November. The unemployment rate rose slightly to 4.5 percent from 4.4 percent in October.

Consumer Confidence Index Improves in December

The Conference Board Consumer Confidence Index bounced back in December increasing 3.7 points to 109.0 as both components of the Index improved. The Present Situation Index rose to 129.9 from 125.4, while the Expectations Index increased to 95.1 from 91.9. The December improvement in confidence reflected an upturn in the labor market. In December, 21.2 percent of the consumers surveyed stated that jobs were harder to get, a 0.9 percent decline from a month ago. On the other hand, the share of respondents indicating jobs were plentiful increased to 26.9 percent from

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EXHIBIT 1: DISTRIBUTION OF HOMEOWNER HOUSEHOLDS BY AGE IN SELECTED MARYLAND JURISDICTIONS - 2005

HOMEOWNER HOUSEHOLDS BY AGE	INDICATOR	Anne Arundel	Baltimore	Baltimore City	Frederick	Harford	Howard	Montgomery	Prince George's	Maryland
Below 35 Years	Number	18,676	22,436	16,059	10,899	10,198	8,489	20,867	22,275	174,552
	Change from 2000	2%	-5%	5%	35%	13%	-10%	-16%	10%	9%
	Share of Households	13%	11%	13%	18%	15%	11%	9%	12%	12%
	Change from 2000	-1%	-1%	1%	3%	0%	-3%	-2%	0%	0%
	Ownership Rate	50%	38%	29%	60%	55%	47%	36%	35%	42%
Between 35 and 55 Years	Change from 2000	0%	-1%	3%	3%	-5%	-2%	-3%	5%	2%
	Number	69,333	96,705	51,266	30,203	32,363	40,396	117,376	97,478	683,822
	Change from 2000	4%	4%	-4%	7%	2%	5%	3%	4%	8%
	Share of Households	48%	46%	42%	50%	48%	55%	50%	51%	48%
	Change from 2000	-2%	0%	0%	-3%	-4%	-3%	-1%	-2%	-2%
Over 55 Years	Ownership Rate	79%	72%	56%	80%	80%	81%	76%	70%	74%
	Change from 2000	0%	-1%	3%	0%	-1%	0%	3%	3%	2%
	Number	57,140	91,852	56,208	19,224	25,428	25,146	98,880	70,633	580,241
	Change from 2000	15%	7%	-8%	14%	20%	36%	17%	12%	18%
	Share of Households	39%	44%	46%	32%	37%	34%	42%	37%	40%
	Change from 2000	2%	1%	-2%	0%	3%	6%	4%	2%	2%
	Ownership Rate	86%	77%	63%	80%	87%	85%	80%	77%	78%
	Change from 2000	0%	0%	1%	-1%	3%	4%	-1%	-3%	1%

EXHIBIT 2: DISTRIBUTION OF HOMEOWNER HOUSEHOLDS BY RACE IN SELECTED MARYLAND JURISDICTIONS - 2005

HOMEOWNER HOUSEHOLDS BY RACE	INDICATOR	Anne Arundel	Baltimore	Baltimore City	Frederick	Harford	Howard	Montgomery	Prince George's	Maryland
Minority Households	Number	21,337	45,152	66,954	7,842	7,139	18,433	70,662	140,885	415,759
	Change from 2000	39%	37%	-6%	150%	39%	49%	39%	22%	26%
	Share of Households	15%	21%	54%	13%	11%	25%	30%	74%	29%
	Change from 2000	3%	5%	-1%	7%	2%	6%	7%	9%	3%
	Ownership Rate	57%	50%	42%	72%	53%	63%	54%	61%	53%
White Households	Change from 2000	3%	1%	-2%	22%	-3%	4%	3%	3%	1%
	Number	123,811	165,840	56,578	52,483	60,849	55,596	166,460	49,500	1,022,855
	Change from 2000	4%	-2%	-3%	5%	7%	3%	-3%	-19%	7%
	Share of Households	85%	79%	46%	87%	89%	75%	70%	26%	71%
	Change from 2000	-3%	-5%	1%	-7%	-2%	-6%	-7%	-9%	-3%
	Ownership Rate	81%	76%	68%	76%	83%	83%	78%	76%	79%
	Change from 2000	1%	3%	7%	-2%	2%	4%	2%	4%	4%

Source: American Community Survey and DHCD, Office of Research

The rise in homeownership rates in Maryland since 2000 was highly influenced by favorable socio-demographic factors that included a noticeable growth in the number of population in their peak earning age group of 55 and older along with a significant rise in the number of minority households.

...Minorities and Aging Population from cover

significantly lower than the corresponding rates for those between the ages of 35 to 54 (72 percent) and those above 55 years of age (77 percent). See Exhibit 1. From 2000 to 2005, homeownership rates for householders below the age of 35 and those between the ages of 35 and 55 years improved by about two percent, while it improved by only one percentage point for those over 55 years of age. Nevertheless, the homeownership rates in the latter age group remained well above all other age groups in 2005. The aging of the Maryland population, therefore, has contributed significantly to the growth of homeownership since 2000.

Similar to the statewide performance and with the exception of Baltimore City, the number of homeowners above 55 years of age increased

significantly in all major Maryland counties. From 2000 to 2005, the growth rates of owner households in this age group ranged from seven percent in Baltimore County to 36 percent in Howard County, with Baltimore City experiencing a decline of eight percent (Exhibits 1 and 3). During the same period, the number of owner households below 35 years of age declined by 16 percent in Montgomery County, by 10 percent in Howard County, and by five percent in Baltimore County, while it increased by 35 percent in Frederick County, by 13 percent in Harford County, by five percent in Baltimore City and by two percent in Anne Arundel County. The growth rates of owner households in the 35 to 55 years age group ranged from two percent in Harford County to seven percent in Frederick County, with Baltimore City experiencing

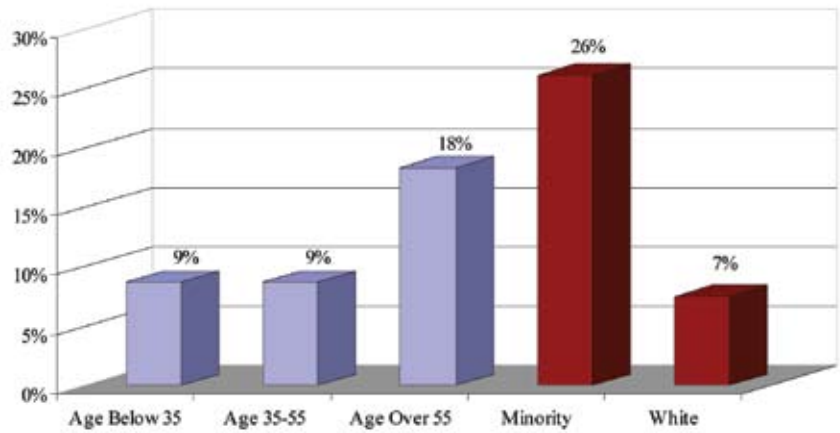
a decline of four percent.

During the 2000 to 2005 period, the share of owner households above 55 years of age declined in Baltimore City and remained unchanged in Frederick County. The share grew in all other jurisdictions at rates ranging from a low of one percent in Baltimore County to a high of six percent in Howard County. By comparison, shares of owner households less than 55 years of age declined or remained unchanged in all major Maryland jurisdictions except in Baltimore City, where it grew by one percentage point.

The homeownership rate of householders above the age of 55 ranged from 63 percent in Baltimore City to 87 percent in Harford County. These rates are significantly higher than the comparable rates for other age groups. Homeownership rates for householders below 35 years of age ranged from 29 percent in Baltimore City to 60 percent in Frederick County. For owner householders between 35 and 55 years of age, the homeownership rates ranged from a low of 56 percent in Baltimore City to a high of 81 percent in Howard County.

Changes in the racial composition of households also played a significant role in the growth of homeownership in Maryland. Between 2000 and 2005, the number of white homeowners grew by only seven percent, while the number of minority owners grew at a robust rate of 26 percent. In 2000, about 52 percent of minority households owned their homes, compared to about 75 percent for the white households. By 2005, the homeownership rates grew to 53 percent for minority households and to 79 percent for the white households (Exhibits 2 and 3). The lower rate of homeownership growth among minority

EXHIBIT 3: GROWTH OF HOMEOWNERS BY AGE AND RACE IN MARYLAND, 2000-2005



Source: American Community Survey and DHCD, Office of Research

Changes in the racial composition of households played a significant role in the growth of homeownership in Maryland. Between 2000 and 2005, the number of white homeowners grew by only seven percent, while the number of minority owners grew at a robust rate of 26 percent.

families is due to the significant increase in the size of minority population since 2000. Based on the data from U.S. Census Bureau, between 2000 and 2005, Maryland population grew by 6 percent, while the minority population grew more than twice as fast, at the robust rate of 15 percent.

With the exception of Baltimore City, the 2000 to 2005 period witnessed a measurable rise in the number of minority homeowners in all major Maryland jurisdictions. During this period, the growth rate of minority homeowners ranged from 22 percent in Prince George's County to 150 percent in Frederick County, while in Baltimore City

the number of minority homeowners declined by six percent. The number of white homeowners, on the other hand, declined in Prince George's County (-19 percent), Montgomery County (-3 percent), Baltimore County (-2 percent) and Baltimore City (-3 percent), while it increased by seven percent or less in Howard, Harford, Frederick and Anne Arundel counties. Therefore, the higher rate of minority participation in the housing market along with a significant surge in the size of minority population also contributed to the growth of homeownership in Maryland. ■

Residential Construction

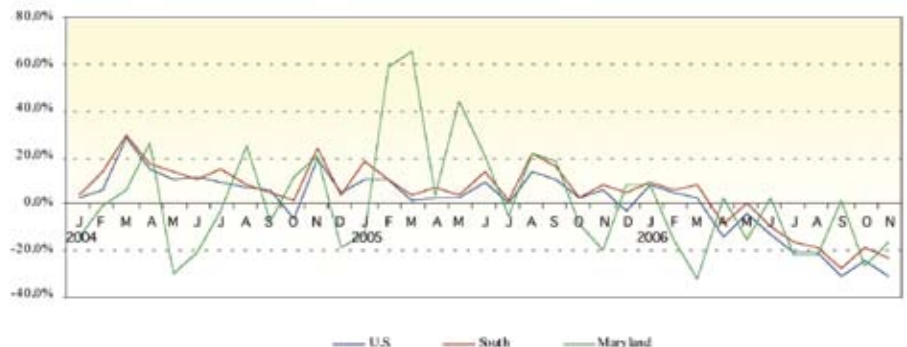
Construction Spending Posts a Moderate Decline

The U.S. Census Bureau reported that construction spending in the U.S. posted a marginal decline of 0.2 percent in November to a seasonally adjusted annual rate of \$1,184.1 billion, due to a decrease in private residential construction. However, compared to November 2005, construction spending was up 0.1 percent. Private construction spending fell 0.6 percent to a seasonally adjusted annual rate of \$905.8 billion. Private residential construction spending was down 1.6 percent in November to \$589.3 billion, and was 11.0 percent below last year. Private nonresidential construction rose 1.4 percent to \$316.5 billion in November and was up 18.0 percent from last year. Public

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RESIDENTIAL BUILDING PERMITS – ALL UNITS

Percent Change from Same Month Previous Year



Source: U.S. Census Bureau & Maryland Department of Housing and Community Development

construction reported a gain of 1.0 percent to \$278.4 billion in November, and it was up 10.6 percent from a year ago.

Homebuilder Optimism Slips in December

Homebuilder optimism as measured by the National Association of Home Builders' Housing Market Index (HMI) slipped by one point to 32 in December following gains in the past two months. The Present Conditions Index stood at 33, the Future Sales Index rose three points to 48 and the Traffic of Prospective Buyers Index declined three points to 23. Homebuilder optimism increased in only one of the Census regions. The HMI in the Midwest rose by seven points to 22. Optimism declined by one point to 39 in the South and by four points to 31 in the West. The HMI held steady at 37 in the Northeast.

Residential Building Permits Drop Nationwide

Private residential building permits in the U.S. decreased by 15.7 percent in November to 109,900 units. Single-family permits were down 16.8 percent to 81,500 units and multi-family permits were down 12.6 percent to 28,400 units. Compared to November 2005, total residential building permits issued were down 31.2 percent, with single-family and multi-family building permits declining by 34.0 percent and 21.9 percent, respectively.

In the Census' South region which includes Maryland, the November volume of building permits dropped by 13.5 percent to 55,900 units. The region's single-family permits were down 14.3 percent to 43,000 units. Multi-family permits decreased 10.4 percent to 12,900 units. Compared to November 2005, residential building permits issued in the South region declined by 23.7 percent, with single-family permits falling by 29.9 percent while multi-family permits increased 8.2 percent.

The volume of building permits issued in Maryland fell 9.9 percent in November to 1,512 units. Single-family permits declined 15.0 percent to 1,077 units, but multi-family permits rose 5.6 percent to 435 units. Compared to November 2005, residential building permits issued for all units fell 17.9 percent, reflecting a decrease of 34.2 percent for single-family units but an increase of 113.2 percent for multi-family structures.

Housing Starts Continue to Decline in November

Residential construction activity declined significantly in November. Nationwide, new construction was down 11.7 percent to 116,000 units. Single-family construction fell 11.1 percent to 91,400 units, while multi-family construction dropped by 13.7 percent to 24,600 units. Compared to November 2005, housing starts in the U.S. decreased by 26.8 percent, as both single-family and multi-family starts were down 30.9 percent and 6.5 percent, respectively.

Housing starts dropped in the South region by

RESIDENTIAL CONSTRUCTION – NOVEMBER 2006

JURISDICTION	PERMITS		STARTS		COMPLETIONS	
	Units	\$ 000s	Units	\$ 000s	Units	\$ 000s
Allegany	0	\$ 0	0	\$ 0	1	\$ 163
Anne Arundel	99	15,718	97	15,667	101	16,298
Baltimore	230	28,132	117	15,932	156	23,293
Baltimore City	70	8,737	77	9,658	50	9,192
Calvert	18	2,827	18	2,827	56	5,644
Caroline	2	600	2	600	3	900
Carroll	24	3,120	15	2,302	50	6,902
Cecil	35	5,963	28	5,878	53	8,115
Charles	89	19,725	81	18,125	113	28,478
Frederick	115	15,806	115	15,807	90	14,018
Garrett	20	4,514	20	4,514	38	13,371
Harford	43	7,182	31	5,832	85	11,960
Howard	25	3,926	25	3,926	133	15,094
Kent	1	85	1	85	4	542
Montgomery	105	23,718	105	23,718	113	31,241
Prince George's	162	25,656	162	25,656	217	34,279
Queen Anne's	17	4,782	17	4,782	36	6,670
St. Mary's	46	6,677	46	6,984	79	11,118
Washington	99	12,475	87	13,014	52	5,559
Wicomico	9	1,274	48	3,804	225	23,089
Worcester	60	8,854	46	9,556	67	12,256
Maryland	1,512	\$ 223,070	1,489	\$ 217,980	2,328	\$ 327,069

*Totals do not add up since data for Dorchester, Somerset and Talbot counties are not available. Statewide data are based on the projections made by the Census Bureau.

1.2 percent to 60,700 units in November, as single-family starts declined by 6.2 percent to 45,600 units but multi-family construction rose 19.0 percent to 14,400 units. Compared to November 2005, residential housing starts decreased 15.7 percent, reflecting a decline of 23.7 percent in single-family construction but an increase of 26.3 percent in multi-family housing activity.

Housing starts in Maryland were down 29.6 percent in November to 1,489 units. Across product types, single-family housing starts decreased by 15.0 percent to 1,077 units and multi-family starts dropped by 51.5 percent to 412 units. Compared to November 2005, total housing starts in Maryland dropped by 19.5 percent. Single-family construction declined by 34.2 percent but new multi-family construction rose by 95.3 percent.

November Housing Completions Up in Maryland

Nationwide, housing completions in November fell by 8.2 percent to 159,800 units. Across the nation, single-family completions were down 7.2 percent to 131,500 units and multi-family completions dropped by 12.4 percent to 28,300 units. Compared to November 2005, housing completions were up 0.8 percent, due to a 47.4 percent rise in multi-family completions which outweighed a 5.7 percent drop in single-family completions.

In the South region, housing completions dropped by 6.3 percent to 80,800 units in November. Single-family completions edged down 0.8 percent to 65,300 units and multi-family completions

fell 24.0 percent to 15,500 units. Compared to November 2005, housing completions rose by 8.7 percent reflecting increases in single-family and multi-family completions of 0.8 percent and 63.2 percent, respectively.

The number of housing completions in Maryland totaled 2,328 units in November, increasing by 7.9 percent from October. Single-family completions rose 10.1 percent to 2,125 units while multi-family completions declined by 11.0 percent to 203 units. Compared to November 2005, Maryland housing completions decreased 23.3 percent, as single-family and multi-family completions dropped by 10.8 percent and 68.9 percent, respectively.

Residential Construction in Maryland Counties

Across Maryland, the value of housing permits in November declined by 9.9 percent to \$223.1 million. Statewide, the value of housing starts fell 29.6 percent to \$218.0 million in November. Overall, several Maryland jurisdictions reported gains in the number and value of housing permits and housing starts, including Frederick, Queen Anne's and St. Mary's counties. The value of housing units completed in Maryland rose 7.9 percent to \$328.0 million in November. Maryland jurisdictions that reported gains in the number and value of housing completions included Calvert, Caroline, Charles, Garrett, Harford, Kent, Montgomery, Queen Anne's, Washington, Wicomico and Worcester counties. ■

Mortgage Rates

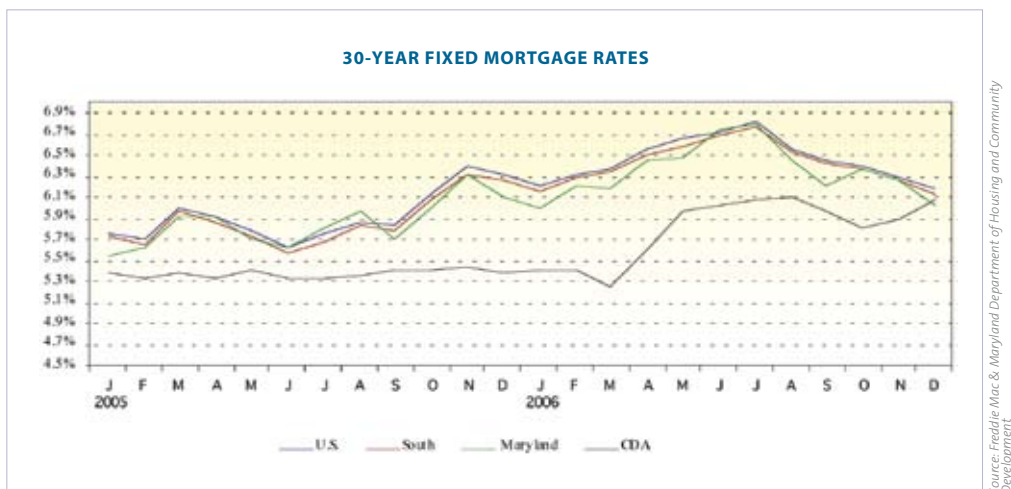
Mortgage Rates Declined in December

Effective 30-year fixed mortgage rates—rates that account for variations in points—for the U.S. and the South fell in December. From November to December, Freddie Mac's 30-year effective fixed mortgage rate decreased from 6.29 percent to 6.18 percent in the U.S., and from 6.25 percent to 6.12 percent in the South region. The 30-year fixed effective mortgage rate in Maryland dropped by 23 basis points to 6.03 percent in November and was down 15 basis points below the national rate.

The effective mortgage rate of the Community Development Administration (CDA), an agency of the Maryland Department of Housing and Community Development, edged up to 6.08 percent in December, though remained 10 basis points below Freddie Mac's national average rate. CDA's mortgage program, More House

4 Less, (www.morehouse4less.com) provides low-interest mortgage loans to eligible homebuyers through private lending institutions throughout the State. ■

In November, the number of existing homes sold in Maryland decreased by 5.7 percent to 5,728 units, down 19.4 percent from 2005.



Home Sales

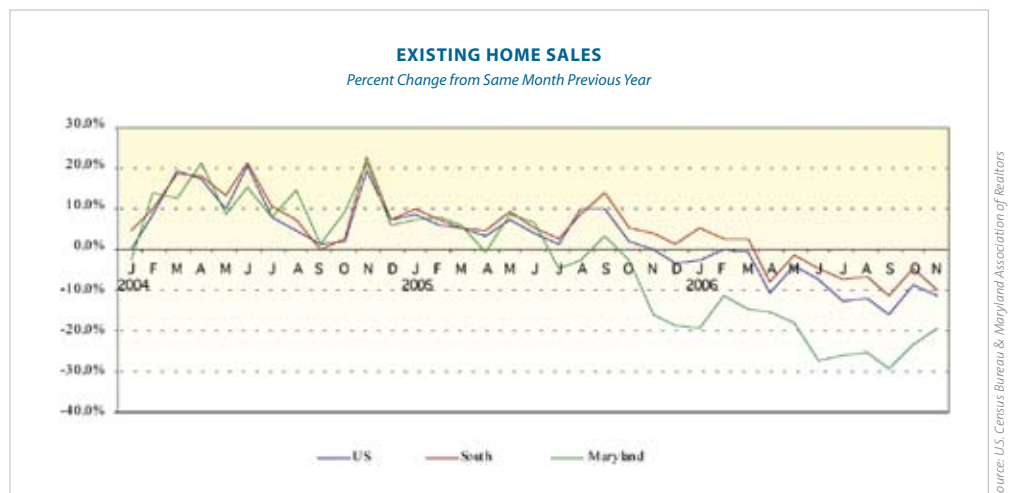
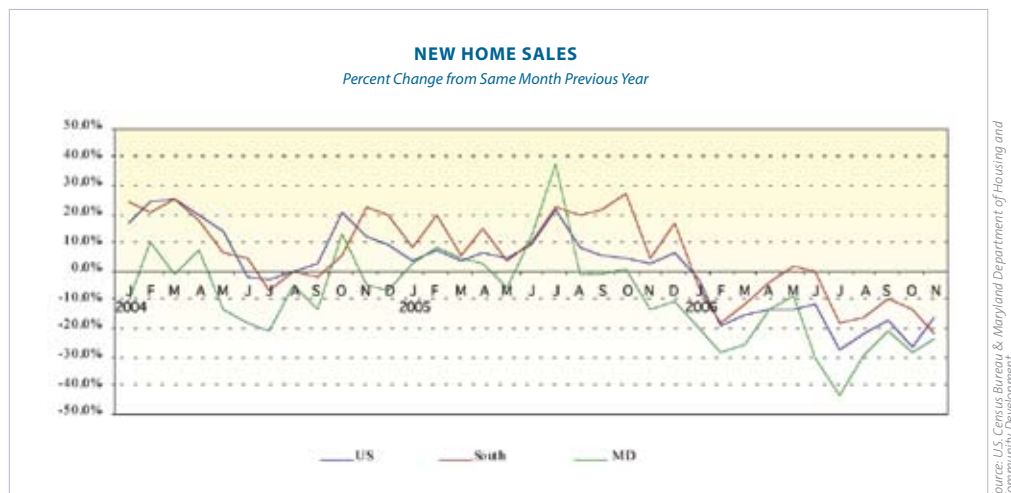
New Home Sales Declined Again in November

According to the Census Bureau, new home sales in the U.S. dropped to 72,000 units in November. The November sales pace decelerated by 7.7 percent from October and was down 16.3 percent from the previous year. However, the national median sales price of new homes rose 3.2 percent in November to \$251,700. There were 552,000 available new homes on the market in November. The national months' supply—the number of months it would take to sell the current inventory at the current sales pace—was up 7.4 percent in November to 7.7 months, representing a growth of 29.8 percent from the previous year. In the South region, new home sales fell by 18.2 percent to 36,000 units in November. Compared to November 2005, the volume of new home sales in the South region was down 21.7 percent. The November inventory of new homes for sale in the South region rose to a 7.8 months' supply, an increase of 21.8 percent above October and of 44.3 percent over the previous year. In Maryland, a total of 874 new homes were sold in November, representing a drop of 20.7 percent from last month and of 24.1 percent from November 2005.

Existing Home Sales Fell in November

The volume of existing home sales fell nationwide to 472,000 units in November, representing declines of 8.7 percent from October and 11.1 percent from last year. Nationally, housing inventory increased 8.0 percent in November to an 8.1 months' supply.

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REAL ESTATE TRANSACTIONS IN MARYLAND – NOVEMBER 2006

JURISDICTION	DAYS ON MARKET			HOUSING UNITS SOLD			Housing Inventory	MONTHS' SUPPLY		
	Current Month	Change from		Current Month	Change from			Number of Months	Change From	
		Last Year	Last Month		Last Year	Last Month			Last Year	Last Month
Allegany	85	-2.3%	13.3%	49	-7.5%	8.9%	351	7.2	53.7%	-15.2%
Anne Arundel	87	107.1%	7.4%	596	-6.0%	4.9%	3,796	6.4	70.2%	-13.6%
Baltimore	64	88.2%	4.9%	757	-12.3%	-7.3%	3,432	4.5	74.0%	0.1%
Baltimore City	71	102.9%	2.9%	707	-13.4%	-3.7%	4,521	6.4	50.2%	1.4%
Calvert	114	48.1%	0.9%	76	-25.5%	-3.8%	881	11.6	105.6%	-1.1%
Caroline	108	2.9%	9.1%	35	20.7%	40.0%	392	11.2	16.4%	-30.5%
Carroll	96	92.0%	33.3%	142	-5.3%	2.9%	1,107	7.8	56.5%	-10.1%
Cecil	99	32.0%	-6.6%	89	-16.8%	12.7%	806	9.1	89.3%	-16.8%
Charles	71	69.0%	9.2%	175	-25.8%	3.6%	1,224	7.0	168.4%	-9.6%
Dorchester	140	32.1%	16.7%	18	-60.0%	-14.3%	488	27.1	222.8%	13.0%
Frederick	96	118.2%	1.1%	250	-19.4%	-11.3%	1,826	7.3	83.8%	3.6%
Garrett	173	4.8%	-4.4%	30	-16.7%	-21.1%	423	14.1	40.2%	22.9%
Harford	71	65.1%	-4.1%	236	-24.1%	-4.8%	1,752	7.4	112.2%	-1.3%
Howard	79	119.4%	14.5%	295	-19.0%	-3.3%	1,626	5.5	104.3%	-5.2%
Kent	133	12.7%	-37.6%	13	-56.7%	-13.3%	280	21.5	167.0%	12.2%
Montgomery	76	123.5%	2.7%	905	-20.9%	-8.8%	4,735	5.2	87.9%	-2.7%
Prince George's	59	126.9%	3.5%	934	-24.1%	-11.0%	4,078	4.4	141.0%	5.4%
Queen Anne's	114	21.3%	-11.6%	58	-9.4%	23.4%	575	9.9	38.2%	-25.0%
St. Mary's	92	130.0%	39.4%	81	-29.6%	-12.0%	796	9.8	152.8%	17.3%
Somerset	n/a	n/a	n/a	11	-21.4%	0.0%	246	22.4	-16.7%	7.9%
Talbot	149	75.3%	39.3%	51	-19.0%	-3.8%	595	11.7	53.1%	-4.3%
Washington	113	130.6%	10.8%	105	-33.1%	-9.5%	1,245	11.9	126.2%	3.8%
Wicomico	n/a	n/a	n/a	55	-43.9%	-1.8%	602	10.9	96.1%	8.3%
Worcester	n/a	n/a	n/a	60	-55.9%	-37.5%	2,410	40.2	213.2%	71.7%
Maryland	77	93.2%	5.7%	5,728	-19.4%	-5.7%	38,187	6.7	84.8%	-0.1%

Note: Days on the market for Somerset, Wicomico and Worcester counties were not available.

MARYLAND PENDING HOME SALES INDEX NOVEMBER 2006

JURISDICTION	Pending Sales	INDEX		
		Index Value	Change From	
			Last Month	Last Year
Allegany	58	118.4	7.4%	-4.9%
Anne Arundel	539	88.6	-20.6%	-9.6%
Baltimore	731	98.1	-11.7%	-14.2%
Baltimore City	727	119.6	-20.1%	-25.4%
Calvert	85	74.8	-11.5%	-26.1%
Caroline	25	93.5	-40.5%	-13.8%
Carroll	148	85.5	5.0%	8.8%
Cecil	87	111.4	-16.3%	-7.4%
Charles	177	121.1	-15.3%	-29.8%
Dorchester	28	99.4	-12.5%	21.7%
Frederick	266	102.7	-1.5%	-13.4%
Garrett	19	56.6	-45.7%	-52.5%
Harford	247	106.6	-4.3%	-18.8%
Howard	267	76.9	-16.3%	-13.6%
Kent	15	75.0	-28.6%	-25.0%
Montgomery	917	73.5	-17.7%	-16.2%
Prince George's	956	102.0	-10.3%	-23.9%
Queen Anne's	53	87.8	-27.4%	-11.7%
St. Mary's	105	122.3	8.2%	1.0%
Talbot	53	100.3	0.0%	-3.6%
Washington	118	105.0	-3.3%	-21.9%
Maryland	5,905	98.5	-15.4%	-19.6%

Note: Due to lack of available data, the Index can not be calculated for Somerset, Wicomico, and Worcester counties.



The November inventory of Maryland Homes available for sale decreased by 5.8 percent to 38,187 units, the equivalent of 6.7 supply. The November supply was 84.8 higher than the previous year.

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Compared to November 2005, the housing inventory was up 30.6 percent while the months' supply was up 47.1 percent. The median sales price of existing homes was down 0.5 percent to \$218,000 in November after a \$2,000 downward revision of the October value. Compared to last year, the national median home sales price was down 3.1 percent. Existing home sales in the South region fell to 189,000 units, representing a decrease of 10.0 percent from October and of 10.0 percent below the previous year. The median home sales price in the South region (\$179,000) was down 2.7 percent from October and down 3.2 percent from the previous year.

In November, the number of existing homes sold in Maryland decreased by 5.7 percent to 5,728 units, down 19.4 percent from 2005. The inventory of Maryland homes available for sale decreased by 5.8 percent to 38,187 units, the equivalent of a 6.7 months' supply. The November months' supply of homes fell by 0.1 percent from last month but rose by 84.8 percent over November 2005. The median sales price of existing homes in Maryland increased by 0.1 percent in November to \$307,654 and was up 1.6 percent from the previous year.

Mortgage Applications Rise in December

Mortgage demand rose in December, with the Mortgage Application Index of the Mortgage

Bankers Association increasing by 5.0 percent to 643.1, up 8.2 percent from 2005. The Purchase component of the Index plunged 23.7 percent to 429.3, and was down 5.8 percent from a year ago. The Refinance component was up 5.6 percent to 1966.9 and grew by 38.9 percent from 2005.

The contract rate on a 30-year, fixed-rate mortgage fell by 10 basis points in December to 6.14 percent, while the contract rate on a one-year adjustable rate mortgage decreased six basis points to 5.45 percent. The typical fixed-rate mortgage is 13 basis points below a year ago. The typical adjustable rate mortgage is 28 basis points higher than last year. The spread between fixed and adjustable contract mortgage rates, which represents the risk of short term and long term borrowing, narrowed to 69 basis points in December, below the November spread of 73 points and substantially lower than the December 2005 spread of 110 points.

Pending Sales Signals a Deceleration in Maryland Home Sales Pace

According to the National Association of Realtors, the Pending Home Sales Index (PHSI), based on contracts signed in November, declined 0.5 percent to a reading of 107.0. The PHSI was 11.4 percent below November 2005. Regionally, the November PHSI was down 1.1 percent in the South region to 121.6 and was down 11.6 percent below a year ago. The Index in the Midwest rose by 4.8 percent to 101.7 but

...continues on back cover

Homeownership Affordability Indices

Maryland Homeownership Affordability Index Edged Up in November

The November Homeownership Affordability Indices for repeat buyers and first-time homebuyers in Maryland stood at 94 and 61, respectively, representing increases of 1.3 percent from last month and 6.6 percent from November 2005. The November gains resulted from lower mortgage rates and home prices along with a rise in the state's median household income. In November, the median sales price of existing homes in Maryland increased by only 0.2 percent to \$307,654 for repeat buyers and to \$261,506 for first-time homebuyers.

In November, housing affordability in ten jurisdictions was below the state average, with Garrett, Talbot, Worcester, Baltimore, and Dorchester counties recording the largest deviation. On the other hand, housing affordability significantly exceeded the statewide average in Allegany, Calvert, Harford, Frederick, and counties as well as Baltimore City.

Median home sales prices in November exceeded the statewide average in thirteen jurisdictions while

falling below the average in the remaining eleven. Home prices significantly exceeded the statewide average price in Montgomery County (41.4 percent), Talbot County (40.4 percent) Howard (21.4 percent), Worcester County (17.3 percent), and Garrett County (11.2 percent). In contrast, home prices were below the state average by more than 30 percent in Allegany County (69.3 percent), Baltimore City (49.9 percent), Wicomico County (39.5 percent), Somerset County (35.0 percent), and Caroline County (30.1 percent).

Compared to November 2005, median home sales prices increased in thirteen jurisdictions with Dorchester County (35.7 percent), Somerset County (25.0 percent), Garrett County (16.9 percent) and Talbot County (14.9 percent) recording the largest appreciation rates. On the other hand, home sales prices decreased in eleven jurisdictions, with significant declines reported in Queen Anne's County (-10.7 percent), Caroline County (-8.5 percent), and Calvert County (-7.8 percent). ■

Housing completions in November increased by 7.9 percent in Maryland due to a growth of 10.1 percent in single-family completions which outweighed an 11.0 percent decline in multifamily projects.



HOME SALE PRICES AND AFFORDABILITY INDICES – NOVEMBER 2006

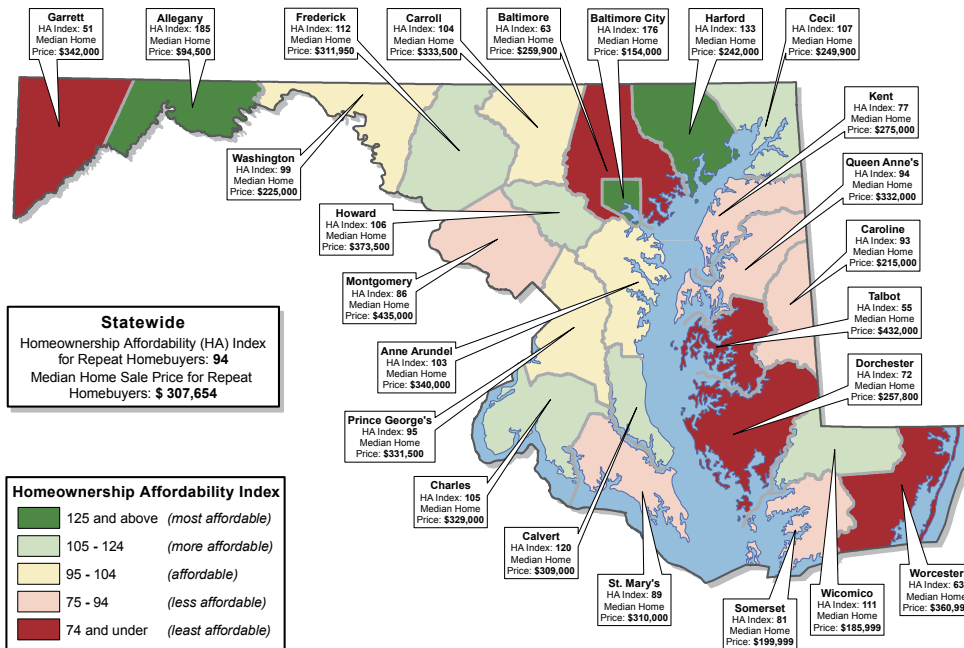
JURISDICTION	MEDIAN HOME SALE PRICES				HOUSING AFFORDABILITY INDICES			
	Current Month		% Change From		Current Month		% Change From	
	Repeat Buyers	First Time Buyers	Last Year	Last Month	Repeat Buyers	First Time Buyers	Last Year	Last Month
Allegany	\$ 94,500	\$ 80,325	11.2%	5.0%	185	119	-0.5%	-3.3%
Anne Arundel	340,000	289,000	1.5%	0.0%	103	66	6.6%	1.5%
Baltimore	259,900	220,915	5.7%	2.0%	63	41	-38.4%	-0.4%
Baltimore City	154,000	130,900	17.6%	6.2%	176	113	63.4%	-4.5%
Calvert	309,000	262,650	-4.9%	-7.8%	120	77	14.2%	10.0%
Caroline	215,000	182,750	4.9%	-8.5%	93	60	-0.7%	10.9%
Carroll	333,500	283,475	1.1%	1.2%	104	67	9.5%	0.3%
Cecil	249,900	212,415	2.0%	-3.8%	107	69	5.2%	5.5%
Charles	329,000	279,650	-0.3%	-0.3%	105	68	10.4%	1.7%
Dorchester	257,800	219,130	26.7%	35.7%	72	46	-13.9%	-25.2%
Frederick	311,950	265,158	-2.0%	-5.4%	112	72	9.7%	7.3%
Garrett	342,000	290,700	18.3%	16.9%	51	33	-9.1%	-13.2%
Harford	242,000	205,700	-6.9%	-1.8%	133	86	18.4%	3.4%
Howard	373,500	317,475	-1.1%	2.4%	106	68	5.9%	-1.0%
Kent	275,000	233,750	8.1%	-0.2%	77	50	2.0%	1.7%
Montgomery	435,000	369,750	1.9%	0.7%	86	55	2.0%	0.7%
Prince George's	331,500	281,775	3.6%	-1.3%	95	61	9.8%	2.9%
Queen Anne's	332,000	282,200	-11.4%	-10.7%	94	61	18.6%	13.6%
St. Mary's	310,000	263,500	-6.6%	4.2%	89	57	7.1%	-2.7%
Somerset	199,999	169,999	13.0%	25.0%	81	52	-2.6%	-18.8%
Talbot	432,000	367,200	8.0%	14.9%	55	35	0.6%	-11.7%
Washington	225,000	191,250	-4.3%	-1.2%	99	64	11.1%	2.7%
Wicomico	185,999	158,099	5.1%	4.5%	111	71	3.3%	-2.9%
Worcester	360,999	306,849	-7.4%	10.7%	63	40	16.1%	-8.4%
Maryland	\$ 307,654	\$ 261,506	1.6%	0.2%	94	61	6.6%	1.3%

Source: Maryland Department of Housing and Community Development

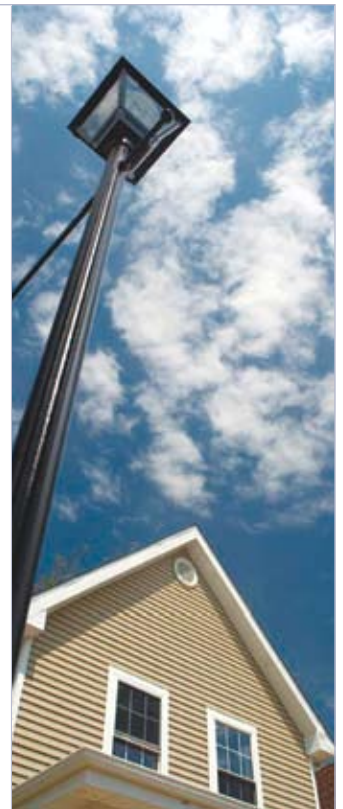
...National Economic Digest from front cover

25.7 percent in November, a 1.2 percentage point gain. The business conditions outlook also showed signs of gains as consumers expecting business conditions to worsen decreased to 7.9 percent from 8.5 percent. The University of Michigan's Consumer Sentiment Index fell from 92.1 in November to 91.7 in December. The Present Conditions component rose 2.1 points to 108.1 while the Expectations Component dropped by 2 points to 81.2 in December. ■

AFFORDABILITY INDEX FOR REPEAT HOMEBUYERS – NOVEMBER 2006



Source: Maryland Department of Housing and Community Development



Home Sales from page 6

was 15.4 percent below the previous year. In the West, the Index dropped 2.6 percent to 106.6 and was 15.9 percent lower than 2005. In the Northeast, the Index declined 2.8 percent to 85.5 and was 9.6 percent below a year earlier. The Maryland Pending Home Sales Index dropped by 15.4 percent to 98.5 in November, signaling a deceleration in sales pace of existing homes over the next two months. Overall, the Index was down in 17 jurisdictions, unchanged in one but was up in three Maryland jurisdictions. Compared to November 2005, the Index was down 19.6 percent.

Maryland Existing Home Sales Declined in November

Existing home sales in Maryland decreased by 5.7 percent in November to 5,728 units and declined by 19.4 percent from a year ago. Among local jurisdictions, Prince George's County with 934 units recorded the highest number of home sales in November. Strong home sales also were reported in Montgomery County (905 units), Baltimore County (757 units), Baltimore City (707 units), and Anne Arundel County (596 units). With the exception of Allegany, Anne Arundel, Caroline, Carroll, Cecil, Charles, and Queen Anne's counties, the November home sales were down in all local jurisdictions, with declines of over 20 percent reported in Garrett and Worcester counties. Sales increased over 20 percent in Caroline and Queen Anne's counties. Compared to last year, existing home sales decreased significantly, with declines of over 20 percent reported in twelve jurisdictions: Calvert, Charles, Dorchester, Harford,

The median sales price of existing homes in Maryland increased by 0.2 percent in November to \$307,654 for repeat buyers and to \$261,506 for first-time homebuyers. The median home sales price was up 1.6 percent from 2005.

Kent, Montgomery, Prince George's, St. Mary's, Somerset, Washington, Wicomico, and Worcester counties.

Statewide, the November inventory of existing homes for sale was 38,187 units. The inventory rose to 6.7 months' supply in November, representing an increase of -0.1 percent from October and of 84.8 percent from last year. The supply increase was quite noticeable in Worcester County, where inventories rose 71.7 percent to a 40.2 months' supply. The supply was below six months in just four jurisdictions, including Baltimore, Howard, Montgomery, and Prince George's counties. In November, existing Maryland homes remained on the market for 77 days from the day the listing became active, representing an increase of 5.7 percent above October and of 93.2 percent over the previous year. Existing homes for sale remained on the market for 173 days in Garrett County, the longest in Maryland, but for just 59 days in Prince George's County, the shortest. ■

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